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ABSTRACT

This handbook is designed to serve as a resource guide to New York school district officials who are involved in the application approval, hearing, and verification processes for the National School Lunch and School Breakfast Programs, and for those exercising the free milk option of the Special Milk Program. Detailed information and clarification are provided about eligibility requirements for free and reduced price meals and/or free milk. Issues include the following: (1) free and reduced price policy; (2) public notification of the availability of benefits; (3) application process; (4) determining household size; (5) determining income; (6) verification process for school meals; (7) verification methods; (8) confirmation of eligibility based on income information; (9) confirmation of categorical eligibility; (10) completion of verification; (11) special milk program; (12) program operations; and (13) collection methods. The appendices include a chart illustrating sources of acceptable income documentation, and sample forms and form letters which schools can use during the verification process, when contacting households, or making collateral contacts. (FMW)

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ELIGIBILITY GUIDANCE/ FREE AND REDUCED PRICE POLICY HANDBOOK

The University of the State of New York
New York State Education Department
Bureau of School Food Management and Nutrition

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INTRODUCTION

This handbook is designed to serve as a resource guide to school district officials who are involved in the application approval, hearing and verification processes. This guidance is applicable to schools that participate in the National School Lunch and School Breakfast Programs and to schools that participate in the Special Milk Program exercising the free milk option.

Included in this handbook is detailed information and clarification of the varied aspects of determining eligibility for free and reduced price meals and/or free milk. A section on collection methods is also included for your reference. The appendix attached at the back of this handbook includes sample forms and form letters which schools can use during the verification process, when contacting households or making collateral contacts.

SCHEDULE OF ACTIVITIES

During the school year, in addition to the regular deadlines such as claim forms, menus, payroll, inventory, etc., the Bureau of School Food Management and Nutrition requires many functions to be completed on a set schedule. As a management tool, a schedule of some of the more important "deadline" dates follows. Be advised that this schedule is subject to change based on regulations and state and federal requirements, and is presented merely as an aid in planning your own busy schedules.

May/June	Receive Policy Booklet including certification of acceptance form, new application, letters to parent (if applicable), and eligibility guidelines for free and reduced price meals
July	Request Regional Office approval on any changes for the new school year in areas such as collection method, reviewing/hearing/verification officials, application form, letters to parent, lunch prices and new programs
July/August	Print application form, letters to parent, and all related information to be sent to parents
	Prepare announcement to be distributed to the News Media, Local Unemployment Office, and any large area employer contemplating layoff
August 15	Deadline for submitting certification of acceptance form to Regional Office (Part of Policy Booklet received in May/June)
August/September	Distribute application packet to parents
	Send all announcements to news media, unemployment office, etc.
October 15	Cut off date for all previous year's applications that have not been updated for the new school year
	Receive Income Verification Documentation Form from Albany
October 31	Count all current free and reduced price applications, choose method of verification, and select those applications to be verified
November 1	Send letters requesting income documentation to those parents selected for verification
November 15	Send follow-up letters to those families who have failed to respond to the request for income verification, giving a 5-day deadline for response
November 20	Send a letter of rejection/denial and notify all parents of the change in status, allowing 10 days to appeal
	Notify all pertinent staff members of the change in status so they can update their Free and Reduced Price lists
December 15	Entire Verification procedure must be completed
January 15	Deadline for submitting Income Verification Documentation Form to Regional Office

FREE AND REDUCED PRICE POLICY

Basic Requirement

- All schools participating in the federally-assisted National School Lunch and School Breakfast Programs MUST make available, as applicable, free and reduced price lunches and breakfasts, and, at the option of the school food authority for schools participating in the Special Milk Program, free milk to eligible children.
- This requirement also applies to the few schools participating in the Commodity School Program.
- The basic free and reduced price policy requirements consist of a policy statement, a public release, a parent letter and application, the School Food Authority's collection procedures, and the Income Eligibility Guidelines as issued by USDA. Each is discussed below.

State Agency Responsibility

- State agencies MUST annually issue free and reduced price price policy guidance to school food authorities. This consists of a prototype policy statement, the Income Eligibility Guidelines as issued by USDA, and any other instructions necessary to ensure that school food authorities are aware of Federal and State requirements pertaining to free and reduced price meals and free milk.

School Food Authority Responsibility

- Each school food authority may adopt the free and reduced price policy as issued by the State agency or develop one of its own. Each school food authority's free and reduced price policy MUST include the Income Eligibility Guidelines as announced by the USDA. If the school food authority intends to develop its own policy statement, the State agency should be contacted for specific instructions. The policy statement MUST be approved by the State agency by October 15 of each year for the school food authority to receive reimbursement for meals and milk.

PUBLIC NOTIFICATION OF THE AVAILABILITY OF BENEFITS

Public Release with Income Guidelines

- Prior to the beginning of school or during the first week of school, a press release to notify the public of the availability of the school nutrition programs and the eligibility criteria for free and reduced price meals and free milk MUST be provided to the local news media, the unemployment office, and any major employers who are contemplating layoffs in the attendance area of the school.
- The public release MUST contain *both* the free and reduced price Income Eligibility Guidelines. However, the letter to parents and application form for free or reduced price meals must *not* contain the free meal guidelines.
- Any State agency may assume responsibility for the press release for any or all of its school food authorities. Such a provision must be included in its contractual agreement with a school food authority. The agreement between the State agency and school food authority must specify the precise responsibilities the State agency will assume, i.e., dissemination to local media, employment office, etc.

- In schools participating in the National School Lunch and/or School Breakfast Program(s), a letter to parents that contains the *reduced price* Income Eligibility Guidelines and an application form MUST be provided to parents of all children in attendance at the school.

- In schools participating in the Special Milk Program with the free milk option for all students or for those kindergarten children who do not have access to the meal program, the *free* guidelines MUST be provided with the application.

- Applications and letters should be sent to parents of all school children as early as possible in the school year to allow for the return and review of applications by the end of the first week of school.

Prototype Application and Letter

- If these sample applications are used, the privacy statement MUST be modified if it does not cove all intended uses of social security numbers. If a local application and letter to parents are developed, the State agency should be contacted for specific instructions.

- Although USDA's prototype application provides for one application per child, State agencies and school food authorities may develop a household application which would accommodate more than one child. Such an application if it is to be used for categorically eligible children must provide space for identifying each child as a member of a food stamp or AFDC household. This is necessary because of the possibility of "mixed" households in which some children may be part of a food stamp or AFDC assistance group and some may not. Those children who are part of the food stamp/AFDC assistance group must be given the opportunity to apply under categorical eligibility criteria. However, to establish eligibility for those children who are not categorically eligible, all household size and Income Information, *including* the amount of any AFDC assistance that is received, *must* be provided on the application.

Foreign Languages

- School food authorities should send appropriate non-English language parent letters and application forms to households if a significant number of enrolled children come from households belonging to the same foreign language group and having limited English communicating skills.

APPLICATION PROCESS

Benefits Prior to Processing Applications

- Prior to the processing of applications for the school year, free and reduced price meals or free milk may be served to children from households with approved applications on file from last year. This includes: (1) new students in a school with older siblings that were approved for benefits the previous year, and (2) previously approved students that transfer from one school to another under the jurisdiction of the same school food authority. Similar provisions do not exist for students who transfer between schools under the jurisdiction of different school food authorities. Therefore, local school officials are encouraged to expedite eligibility determinations for all such new enrollees. Local officials may wish to develop a cooperative transfer system between the private schools and the public school system within the same county or city to provide eligibility information for students transferring between these schools. The school from which the student transferred should retain a copy of the student's application on file.

- The school will be reimbursed prior to application approval only for those meals or milk served to students from *households* previously approved.

Complete Application

- Each incoming application should be reviewed to ensure that it is complete. The following information MUST be provided by the household *before* an eligibility determination can be made:

  Food Stamp Households/AFDC Assistance Units:

  1. Name of the child;
  2. The child's food stamp or Aid to Families with Dependent Children (AFDC) case number; and
  3. Name and signature of an adult household member.

  Other Households

  1. Names of *all* household members.
  2. Social security number of each household member 21 years of age or older or an indication that a household member does not have a social security number.
  3. The amount of income received by each household member identified by source, such as wages, welfare, alimony, *and* the total household income.
  4. Signature of an adult household member.

  Student Living with a Food Stamp Household/AFDC Assistance Unit: If application is made for any child who is not a member of a food stamp household or AFDC assistance unit, even if the child resides in a larger household with other children who are food stamp or AFDC recipients, an application must be made for that child which includes information about the entire household. The application MUST include all the information required of "Other Households" for all household members, including the amount of any AFDC or other welfare grant. Food stamp benefits are *not* counted as income.

- The household MUST provide all the required information on the application for the application to be considered complete. Any other information requested on the application but not provided by the household MUST *not* delay approval of the application.

Incomplete Application

- If *any* required information is missing the information MUST be obtained before an eligibility determination can be made.

- If an application is incomplete, it may be returned to the household or the household may be contacted either by phone or in writing to get the information. Document the details of the contact, enter the information received on the application, and initial the entry. *Except*, if the application is missing the signature of an adult household member, the application of an adult household member, the application MUST be returned to the household. In signing the application, the household member is certifying that the information on the application is true and correct.

- Every reasonable effort should be made to obtain the missing information prior to denying the application.

Inconsistent Application

- If there are inconsistencies or any questions concerning the information provided, the household should be contacted for clarification prior to the approval or denial of the

application (e.g., the individual income amounts listed do not add up to the total income figure and one of the amounts is above the eligibility limit or the income figure appears to be a yearly, not a monthly figure).

Eligibility Determination

- *Categorical Eligibility*—Children who are currently receiving food stamp or AFDC benefits are categorically eligible for free meal benefits, if the application contains the child's name, the food stamp or AFDC case number and the name and signature of an adult household member.

- *Income Eligibility*—Households that do not claim categorical eligibility must provide household size and income information to enable school officials to make comparisons against the Income Eligibility Guidelines. If the total reported income for the household is within the eligibility limits, the child is eligible for either free or reduced price benefits as applicable.

Computing Current Income

If current income is reported as other than a monthly figure, use the following calculation to compute:

Monthly Income

—Weekly income x 4.33
—Bi-weekly income (every two weeks) x 2.15
—Semi-monthly income (twice a month) x 2

Annual Income

—Weekly Income x 52
—Bi-weekly Income (every 2 weeks) x 26
—Semi-monthly income (twice a month) x 24

Zero Income and Temporary Reductions in Income

- When there is a temporary reduction in income or zero income, eligibility should be determined on the present rate of income rather than on regular annual income. The approving official should issue temporary approval of the application. At the end of the approval period, the school should send an application to the parents to enable them to reapply for an extension of their eligibility if it is appropriate. If the household's income is still subject to change, a new temporary approval should be issued.

- See pages 8–12 for specific information on defining income/household size.

Household Failure To Apply

- Local officials may complete an application for a student *known to be needy* if the household fails to apply.

- When exercising this option, the school official MUST complete an application on behalf of the student based on the best household size and income information available and make an eligibility determination. The source of the information MUST be noted. Social security numbers of household members need not be secured and these applications may be excluded from verification. The household MUST be notified that the student has been certified and is receiving free or reduced price benefits.

- This option is intended for use in *individual* situations and does not allow eligibility determinations for categories or groups of children.

Citizenship

- U.S. citizenship is *not* a factor in the determination of eligibility. An eligibility determination is based on household size/income or the receipt of food stamps/AFDC for the child as reported on a completed application.

Notification of Eligibility or Denial

- All households MUST be notified of their eligibility.
- Households *denied* benefits MUST be given written notification of the reason for denial and of appeal rights and procedures. The household MUST also be advised that they may reapply at any time during the school year if their circumstances change.
- A prototype notification letter is included.
- Temporary approvals should be issued for eligible children for the following types of economic situations:

  —Seasonal unemployment,

  —Temporary layoffs,

  —Strikes (voluntary work stoppage),

  —Temporary usage of public assistance (in cases where the application specifies receipt of public assistance for a limited time),

  —Zero income, for whatever reason.

Reporting Changes in Household Circumstances

- A household approved for benefits based on income MUST report changes in income of over $50 per month or $600 per year and any decreases in household size. When a household reports such changes, review the information, make any appropriate change in eligibility and notify the household.
- A household that provided a food stamp or AFDC case number to establish eligibility for free benefits MUST report termination of benefits for the student under the Food Stamp or AFDC Programs. A household reporting such a change and wishing to continue benefits for the student must complete a new application, and provide household size/income information. Review the information and make an eligibility determination and notify the household.

Appeals

- A household may appeal the denial of their application or the level of benefits for which they have been approved. The hearing procedures outlined in the school food authority's free and reduced price policy statement MUST be followed.

Recordkeeping

- The determining official should indicate the date the application is approved and sign the application.
- When an application is denied, the reasons for the denial MUST be noted and kept on file. Records should also include the date the denial notice is sent and the name of the denying official. These may be noted directly on the application.

DETERMINING HOUSEHOLD SIZE

- School officials must often use their own discretion in making household size determinations. The following provides some guidelines:

Definitions

- *Household and Family:* A group of related or unrelated individuals who are not residents of an institution or boarding house, but who are living as one economic unit.
- *Economic Unit:* A group of related or unrelated people who share housing and/or all significant income and expenses of its members.
- *Food Stamp Household:* Any individual or group of individuals which is currently certified to receive benefits under the Food Stamp Program.
- *AFDC Assistance Unit:* Any individual or group of individuals which is currently certified to receive assistance under the Aid to Families with Dependent Children Program in a State where the standard of eligibility for AFDC benefits does not exceed the income eligibility guidelines for free meal or milk benefits.

Categorical Eligibility

- A child for whom food stamps/AFDC is received is automatically eligible for free meals when the household provides a current food stamp or AFDC case number on the application.
- If application is made for another child in the household who does not come under the AFDC grant or who is not a member of the food stamp household, eligibility for the non-categorically eligible child MUST be determined on a household size/income basis. Household size would include both the AFDC/food stamp members and the non-AFDC/food stamp members.

Students Away at School

- Students who are temporarily away at school, e.g., students attending boarding schools or colleges, should be counted as members of the household.

Military Families

- Military personnel on shore duty living with the household or away on Temporary Duty (TDY) are considered household members.
- Military personnel serving overseas or assigned to a military base and not living with the household are not considered members of the household for purposes of determining eligibility, but the money sent to the household is included as income to the household.

Foster Child

- A foster child is a child who is living with a household but who remains the *legal responsibility* of the welfare agency or court. Such a child is considered a household of one.

Child Living with One Parent, Relatives, or Friends

- In cases where no specific welfare agency or court is legally responsible for the child, or where the child is living with one parent, other relatives or friends of the family, the child is considered to be a member of the household with whom he/she resides, and the size and total income of that household is used to determine the child's eligibility.

Adopted Child

- An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household. Therefore, the household's size and total income is considered in the eligibility determination.

Institutionalized Child

- An institutionalized child is a child who resides in a residential-type facility which the State has determined is not a boarding school. Such a child is considered a household of one.

Student Attending an Institution

- A student who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Emancipated Student

- A student living alone or as a separate economic unit is considered a household of one. Therefore, only the student's income is considered for eligibility purposes.

Boarding School Students

- A student in boarding school is considered a member of the household in which he/she normally resides. Therefore, household size and total household income are considered in the eligibility determination.

Foreign Exchange Students

- A foreign exchange student is considered a member of the household in which he/she resides. Therefore, the household size and total household income are considered in the eligibility determination.

DETERMINING INCOME

Reportable Income

- Income to be reported on the non-categorically eligible household's free and reduced price application is any money received on a recurring basis including gross income means all money earned before such deduction as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes the following:
  - payment of money for services, including wages, salary, commissions or fees;
  - social security benefits;
  - supplemental security income (SSI);
  - public assistance/welfare payments (AFDC, ADC, GA, GR, etc.);
  - alimony or child support payments;
  - unemployment compensation;
  - government civilian employee or military retirement or pension;
  - veterans' payments;

- private pension or annuities;
- regular contributions from persons not living in the household;
- net income for self-employed farmers and businesspersons, rental income and royalties;
- dividend or interest on savings or bonds;
- income from estates or trusts; and
- other case income, including cash amounts received or withdrawn from investments, trust accounts, and other resources, which would be available to pay the price of a child's meal.

Income Exclusions

- Income not to be reported or counted includes any cash income or value of benefits a household receives from any Federal program that excludes such income by legislative prohibition, for example the value of food stamps provided under the Food Stamp Program.
- Student financial assistance, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals. Examples of this assistance include: Pell Grants and Supplemental Educational Opportunity Grants.
- Loans such as bank loans, are not considered as income since these funds are only temporarily available and must be repaid.
- The value of in-kind compensation allowances, such as military base housing or other subsidized housing, medical and dental services, are not counted as income.

Current Income

- Current income means income received by the household during the month prior to application.

Projected Income for Seasonal Workers and Others

- Although "current income" is usually the income received during the month prior to application and multiplied by 12, if such income does not accurately reflect the household's annual income, income should be based on the household's projected annual income. For example, since the income reported by a seasonal worker employed during the month prior to application may not accurately reflect the household's annual income, seasonal workers may report their projected annual income as their current income. If the prior year's income provides an accurate reflection of the household's current annual income, the prior year may be used as a base for the projected annual income.

Self-Employment Income

- Self-employed persons may use last year's income as a base to project their current year's net income, unless their current monthly income provides a more accurate measure.
- Self-employed persons are credited with net income rather than gross income as described here. Net income for self-employment is figured by subtracting business expenses from gross receipts.
  - —Gross receipts include the total value of goods sold or services rendered by the business.

—Deductible business expenses include cost of goods purchased, rent, heat, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal Federal, State or local income taxes).

- The value of saleable merchandise consumed by the proprietors of retail stores is not included as part of net income.

Farm Income

- Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.

—Gross receipts include the value of all products sold, money received from the rental of farm land, buildings or equipment to others, and incidental receipts from the sale of items such as wood, sand, gravel.

—A farmer's operating expenses include cost of feed, fertilizer, seed and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (but not State and Federal income taxes).

Income Losses From Self-Employment

- In a household where there is income from wages and self-employment, income from wages may not be reduced by business losses. If income from self-employment is negative, it should be listed as zero income.

Military Income/Benefits

- Military benefits received in cash, such as housing allowances for military households living off base and food allowances, must be considered as income. However, the value of in-kind benefits other than cash, such as on base housing, is not considered as income.

Income for Foster Children

- In determining income for the foster child, only the following should be considered:

1. Funds provided by the welfare agency which are specifically identified by category for personal use of the child, such as for clothing, school fees and allowances. Welfare funds identified by category for shelter and care, and those identified as special needs funds, such as those for medical and therapeutic needs are not considered as income. Where welfare funds cannot be identified by category, no portion of the provided funds are considered as income.
2. Other funds received by the child. This includes, but is not limited to, monies provided by the child's family for personal use and earnings from employment other than occasional or part-time jobs.

Income for Institutionalized Children

- Payments from any source directly received by the institution in a child's behalf are not considered as income to the child. Only income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the institution may be considered as income.

Student Income

- The earnings of a student who is a full-time or regular part-time employee must be listed on the application. However, occasional earnings, such as babysitting, should not be listed on the application.

Alimony and Child Support

- Any monies received by a household in the form of alimony or child support is counted as income. However, any monies paid out for alimony or child support may not be deducted from a household's reported gross income.

VERIFICATION PROCESS FOR SCHOOL MEALS

Definition

- Verification is confirmation of eligibility for free and reduced price benefits under the National School Lunch Program or School Breakfast Program. Verification MUST include confirmation of income eligibility or confirmation that the child is included in a currently certified food stamp household or AFDC assistance unit. At State or local discretion, verification may also include confirmation of any other information on the application which was required as a condition of eligibility.

Implementation

- Verification MUST take place *after* the application has been approved.
- The school food authority MUST complete verification of the minimum required sample size by December 15.
- Any additional applications may be verified anytime during the school year after applications have been approved.

Sample Size Requirements

- Each school food authority MUST verify a sample of the total number of applications approved for benefits by selecting a sample through either random or focused sampling as described below, unless there is a State requirement for one method of sampling or the State assumes the responsibility.
  1. *Focused Sampling*—The focused sampling method requires the verification of the lesser of 1 percent or 1,000 of the *total* approved applications, selected from the approved applications with income information, plus the lesser of .5% or 500 of approved categorically eligible applications with food stamp/AFDC case numbers reported.
  2. *Random Sampling*—The random sampling method requires the verification of the lesser of 3 percent or 3,000 of the approved applications, selected randomly.
- School food authorities may verify more than the required minimum sample, up to 100 percent of all approved applications, as long as the selection of applications does not involve discrimination against anyone on the basis of race, color, national origin, age, sex, or handicap.
- For the purpose of meeting the Federal minimum verification requirement, the total number of approved applications on file in the School Food Authority is determined on October 31. Verification may begin prior to this date. School Food Authorities may, based on experience, project the number of approved applications that will be on file on October 31.

Focused/Random Sampling: Advantages and Disadvantages

- Focused sampling targets verification efforts on applications with a high likelihood of containing errors; that is, households providing income information on the application and reporting income just below the maximum eligibility level.
- Both random and focused sampling are nondiscriminatory.
- It takes a bit longer to select applications for verification using focused sampling rather than random sampling, but the focused sampling method requires verification of less than half as many applications than if random sampling were used. The reduction in the number of applications which must be verified under focused sampling should more than make up for the extra time spent selecting applications.

Focused Sample Selection Process

- *Total Applications*—Count *all* applications approved for school meal benefits to determine the required sample size.
- *Non-Categorically Eligible Sample Size*—For applications that provided income information, the sample size is 1 percent of all approved applications on file or 1,000 applications, whichever is less (total applications x .01).
- *Application Types*—Separate the applications into two groups: (1) the categorically eligible applicants that provided an AFDC or food stamp case number; and (2) the applicants that were approved on the basis of income information (non-categorically eligible).
- *Focused Sample*—From the group that reported income information, select those applications with monthly incomes within $100 or annual income within $1,200 of the income eligibility limits.
  - —If there are more applications with monthly income reported within $100 ($1,200 yearly) of the eligibility levels than needed to meet the minimum sample size, select the income application sample using any method that is equitable and ensures that the same households will not be selected year after year.
  - —If there are not enough applications with income reported within $100/$1,200 of the eligibility levels to meet the required minimum sample size, select from those applications with monthly income closest to the eligibility levels.
  - —If there are not enough applications containing income information to meet the required minimum sample size, verify all the applications approved on the basis of income information.
- *Categorically Eligible Sample Size*—Determine the number required to fill the sample size by multiplying the total number of the categorically eligible applications by .005. The sample size is the lesser of 500 or .5 percent of all applications approved on the basis of *food stamp or AFDC case numbers.*
- From the categorically eligible group, select the sample using any method that is equitable and ensures that the same household is not selected each year.

Rounding Fractions

- When calculating sample sizes, round fractions upward. A minimum of one categorically eligible application and one income application MUST be verified if there are any such applications on file.

- For a step by step example of how to select a focused sample, please see the worksheet.

Random Sample Selection Process

- The random sample size is 3 percent of *all approved applications on file* on October 31 or 3,000 applications, whichever is less. To calculate the minimum required sample size, multiply the total number of approved applications by .03. At least one application *MUST* be verified.
- Randomly select the required number of applications.

Household Notification

- When a household is selected for verification and is required by the school food authority to submit documents or other forms of evidence to verify eligibility the household MUST be sent a notice/letter informing them of their selection and the types of information acceptable to the school food authority. The letter/notice MUST inform the household that:
  1. The household has been selected for verification;
  2. The types of acceptable information that can be provided to confirm income, such as pay stubs, award letters from welfare departments and social security and support payment decrees from courts.
  3. Proof that the child is a member of a currently certified food stamp/AFDC household may be provided instead of income information;
  4. That information must be provided, and failure to do so will result in termination of benefits;
  5. The name and telephone number of a school official who can answer questions and provide assistance; and
  6. That they are required to submit the requested information by a specified date (as determined by the school food authority).
- When the school food authority uses agency records (see page 15 Agency Records) to verify eligibility, the letter/notice of selection is *NOT* required since the household will not have to provide documents and household cooperation will not be necessary.

VERIFICATION METHODS

- School officials must often use their own discretion in the process of verifying the eligibility of individual households. The following guidelines attempt to address most circumstances.

Written Evidence

- Written evidence is the primary source of eligibility confirmation for all households including food stamp and AFDC households. Written evidence is most often pay stubs and award letters from welfare departments or other government agencies submitted by the household to the verifying official as confirmation of eligibility. Page 40 presents the most common types of income sources. Also included is a brief description of each, and suggested sources of acceptable confirmation of those types of income.

Collateral Contacts

- A collateral contact is a verbal confirmation of a household's income or food stamp/AFDC status by a person outside of the household who is knowledgeable about the household circumstances. Collateral contacts could include employers, social service agencies, migrant agencies, and religious or civic organizations. The verifying official should request a collateral contact only in cases when the household has not been able to provide adequate written evidence.

- The verifying official may select a collateral contact *if* the household fails to designate one or designates one which is unacceptable to the verifying official. In either case, no contact may be made without first notifying the household and obtaining their permission.

Agency Records

- A household's eligibility may be confirmed through the use of information maintained by other government agencies to which the State agency, school food authority or school has legal access. Although USDA regulations do not require that households be notified of selection when verifying through agency records, such agencies may have their own notification requirements.

- One source of agency records is the wage and benefit information maintained by the State employment agency, if that information is available to the verifying official. Such records are State records and the release of information maintained by State employment offices is governed by State law. The School Food Authority may also submit the names and case numbers of categorically eligible households to the local food stamp or AFDC office. Food stamp/AFDC offices are permitted by law to release eligibility information from their files to other Federal assistance programs and federally-assisted State programs.

- When using agency records, the local food authority may choose a recent month and verify the entire sample against that month. Households which dispute the validity of income information acquired through systems of records MUST be given the opportunity to provide more recent income information during the 10-day advance notice of adverse action.

CONFIRMATION OF ELIGIBILITY BASED ON INCOME INFORMATION

Notification

- The notification of selection for verification (page 33) should include a request for the household to submit written evidence of *current* income.

- If the household submits written evidence, review the document for the name, date and amounts stated to determine if it is sufficient to determine total *current* income, and

  a. If the written evidence *is current and confirms* the eligibility determination previously made, the verification requirement has been satisfied.

  OR

  b. If the written evidence confirms a higher or lower income and changes the eligibility determination previously made, the verification requirement has been satisfied.

Follow-up

- If the household does not respond to the verification request or submits insufficient or obsolete written evidence, school officials may contact the household to request the missing written evidence of current income and advise the household that failure to comply or designate a collateral contact will result in termination of benefits. If the household subsequently submits sufficient written evidence, then either (a) or (b) above would apply.

Adverse Notice

- If the household still does not submit sufficient written evidence or fails to respond, then send the 10-day advance notice of adverse action and the verification requirement has been satisfied.

CONFIRMATION OF CATEGORICAL ELIGIBILITY

Food Stamp/ Welfare Office

- Verification of eligibility for households supplying food stamp/AFDC case numbers to the local food stamp or welfare office for confirmation of receipt of benefits (Agency records). To facilitate the verification process, prior to submitting such lists, contact should be made with the local food stamp/welfare office to discuss the methods by which verification requests should be handled. School food authorities that verify eligibility through the local food stamp/AFDC office should do so as early as possible to ensure that there is sufficient time for that office to respond to the request, *and* sufficient time to acquire other verification from households identified as *not* currently receiving food stamps or AFDC benefits. A sample letter and a form for School Food Authorities to use in requesting assistance from a food stamp/AFDC office are included on pages 36 & 37.

Household Documentation

- A school can place the responsibility for verifying receipt of food stamps/AFDC benefits on the household by requesting that they provide a document from the food stamp/AFDC office. Every time a household is approved for food stamps/AFDC they are furnished with a written letter of determination or notice of eligibility. The verifying official should examine this notice of certification to ensure that the child for whom application was made is part of a household *currently* participating in the Food Stamp/AFDC Program. The notice of eligibility or the notice of certification is preferred for verification purposes. For food stamp households, if the household has misplaced the notice of eligibility or notice of certification, a current authorization to participate (ATP) card is adequate proof of current certification. ATP cards are usually issued once a month and are immediately redeemed by the household at a bank or elsewhere for the actual food stamps.

- A food stamp/AFDC document that does not specify the certification period is *not* adequate for documentation. For example, the food stamp identification card is not acceptable because it usually does not have an expiration date and is often kept by the household after the certification period has ended.

- A household which does not have satisfactory food stamp/AFDC documentation may request a signed, dated letter from the food stamp/AFDC office certifying that the child is part of a household currently receiving benefits.

Advance Notice

- When it is determined that the child is not part of a household currently receiving food stamps/AFDC, they MUST be given 10 days advance notification of termination and informed that they MUST submit an application with household membership and income information and social security numbers for each household member, and written evidence which confirms household income to establish continued eligibility for school meal benefits.

- Verification is *completed* when the local food stamp/AFDC office certifies households as currently receiving food stamps or AFDC, or when households submit adequate documentation of current participation in either program.

COMPLETION OF VERIFICATION

Completion Date

- Verification of the required sample size MUST be completed by December 15 of each year. Verification of individual applications is completed when a household's eligibility for the level of benefits for which it was approved is either confirmed or not confirmed.

Confirmation of Eligibility, Change/ Termination

- Verification of a household's income eligibility for free or reduced price meals MUST result in one of the following:

  1. *No change in benefit level*—The household's current income supports the level of benefits for which the household has been approved;

  2. *Reduction in benefit level*—The household's current income is too high for the free benefits for which the household has been approved. Therefore, the household's eligibility MUST be changed from free to reduced price;

  3. *Increase in benefit level*—The household's current income qualifies the household for free meals rather than reduced price meals. Therefore, the household's eligibility MUST be changed from reduced price to free meals.

  4. *Termination of benefits*—Households that do not cooperate with verification efforts or whose current income does not support eligibility for either free or reduced price meals MUST be terminated from the program.

- If verification results in a change in benefit level or termination, the change MUST be extended to *all* children in the household.

Notification of Adverse Action

- All households that are to receive a reduction or termination of benefits as a result of verification MUST be given 10 calendar days advance notice of the change. The first day of the 10-day period is the day the notice is sent.

- The notice MUST advise the household of the following:

  1. the change in benefits;

  2. the reasons for the change;

  3. that an appeal must be filed within the 10-day advance notice period to ensure continued benefits while awaiting a hearing and decision;

4. the instructions on how to appeal; and
5. that the household may reapply for benefits at anytime during the school year.

Continuation of Benefits during Appeals

- The school food authority MUST continue to provide benefits to students from households that appeal a reduction or termination of benefits within the 10 calendar-day-advance notice period.

Hearing Procedure

- The hearing procedure in the school food authority's free and reduced price policy statement MUST be followed.
- The hearing official MUST be an individual who was not connected with the approval or verification process.
- The household may request a school conference prior to a formal hearing. This must not prejudice a later appeal.

Households that Reapply for Program Benefits

- Households affected by a reduction or termination of benefits may reapply for benefits at anytime during the school year, *except that* households terminated for failure to cooperate with verification efforts that reapply in the same school year may be required to submit income documentation or a food stamp/AFDC case number at the time of reapplication, AND may be verified by the School Food Authority *before* approval. This is not considered a new application since verification was not completed.
- School food authorities may establish procedures to identify households *terminated* as a result of verification to facilitate selection of those households for verification if they reapply for benefits during the same or subsequent school years. However, households verified and confirmed as eligible should not be reselected if it can be avoided by the school food authority.

Recordkeeping

- School food authorities MUST maintain a description of their verification efforts. The description MUST include:
  1. a summary of the verification efforts such as the selection process, and source of information used;
  2. the total number of applications on file on October 31; and
  3. the percentage or number of applications verified.
- Either directly on the application or elsewhere, school food authorities should keep a full record of:
  1. dates notices were sent;
  2. notes on any contacts made;
  3. results of verification;
  4. reasons for any denial or change of eligibility and the date; and
  5. signature of the verifying official.

- This documentation is useful in demonstrating proper verification when school food authorities are reviewed by the State and would be needed in case of an applicant's appeal.

SPECIAL MILK PROGRAM

- Schools that do *not* participate in another federally assisted food service program authorized under the Child Nutrition Act or the National School Lunch Act may participate in the Special Milk Program; except that meal program schools may offer the Special Milk Program for split-session kindergarten programs in which children do not have access to the meal service.

Free Milk Option

- Any school food authority that operates a pricing Special Milk Program in one or more schools MUST elect (annually at the time of agreement renewal) whether to provide milk at no charge, in all such schools or split-session kindergarten programs under its jurisdiction, to all children who meet the income eligibility criteria for free benefits.

- The school food authority exercising the free milk option MUST develop and have a complete Free Milk Policy Statement approved, including applications and letters providing the free eligibility guidelines to parents or guardians of all enrolled children in their Special Milk Program schools and to parents or guardians of children in split-session kindergarten programs participating in the Special Milk Program; approval/denial notification; a hearing procedure; and a public release.

Availability of Free Milk

- A school or institution in the Special Milk Program exercising the free milk option MUST make free milk available on request to all eligible children during the day when milk is made available under the program. The regulations require only that each eligible child receives (if requested) at least one free milk per serving period. Any further limit on the number of free milks that an eligible child may request during the serving period is at local discretion.

PROGRAM OPERATIONS

Pricing

- *Reduced price charge*—School food authorities cannot charge more than $.25 a meal and the reduced price must be less than the full price meals. However, the charge for a full price meal may be more in high schools than in grade schools.

- *Choice of lunches*—Schools may offer students a choice of reimbursable lunches. One lunch may be more expensive because of a special meal item. However, free and reduced price recipients MUST be able to choose either meal with no additional charge.

Adult Meals

- *Adult meals*—At the discretion of the School Food Authority, meals served to adults directly involved in the operation and administration of the lunch/breakfast programs

may be furnished as fringe benefits. Thus, the cost of the meal for those adults may be supported by revenues to the program.

- The cost of meals to adults not involved with the operation or administration of the programs MUST *not* be financed by nonprofit school food service funds.

Fees for Lunchroom Services

- Children MUST NOT be charged any additional fees for supervisory or other services provided in conjunction with the meal/milk programs.

Nondiscrimination

- There MUST NOT be any discrimination of children receiving free and reduced price benefits.

  —The names of the children MUST NOT be published, posted or announced in any manner.

  —The children MUST NOT be required to work for their meals/milk.

  —The children MUST NOT be required to use a separate dining room, separate serving line, or separate time, etc.

  —There MUST NOT be any overt identification of any of the children by use of special tokens or tickets. The school district MUST use the collection procedure approved as part of its free and reduced price policy statement.

  —There MUST NOT be any discrimination on the basis of race, color, national origin, age, sex, or handicap in the application approval process or in the selection of applications for verification.

- The public release and letter to parents or application for benefits MUST include the statement: "In the operation of child feeding programs, no child will be discriminated against because of race, sex, color, national origin, age, or handicap. If you believe you have been discriminated against, write immediately to the Secretary of Agriculture, Washington, DC 20250."

COLLECTION METHODS

COLLECTION METHODS

In collecting payments for meals or milk, school officials must ensure that there is no overt identification of recipients of free and reduced price meals or free milk. To accomplish this, each district must implement an approvable *collection method.*

The collection method must be designed so that overt identification of students is avoided: 1) at the point of service, when students receive their meals or milk and 2) at the distribution point, when tickets are issued (if tickets are used) and/or students prepay for their meals.

Additionally, any collection method should have a built in accounting system to record numbers of free, reduced and full price meals, or free and full price milk, served daily. Keeping these counts is a regulatory requirement.

Most approved collection methods are variations of two systems:

—Rosters
—Tickets

The district may choose whichever system they prefer, based on local enrollment, program participation, accounting needs, and the distribution of duties within the district. In multi-building districts, not all buildings must have the same collection method. Also, if the school has more than one program, different collection methods may be used for each, e.g., a roster used for breakfast and tickets for lunch. A discussion of each collection method follows, outlining the basic procedure, as well as the pros and cons of each system.

General Requirements of a Collection Method

As stated above, the collection method must be designed to prevent *overt identification* of free and reduced students. Overt identification can occur verbally, e.g., the cashier asking the children if they are free or reduced; in writing, e.g., the word "free" on a ticket; or, by handling free and reduced in a different manner than paid, e.g., making them go through a separate lunch line.

Avoiding overt identification should be the top priority of a district, to help maintain the dignity of the students. In schools where overt identification is not prevented, many free and reduced price students will not participate due to embarrassment or pride. This not only hurts the student, but hurts the program. Every effort should be made to institute a collection method that prevents overt identification and to train personnel to use the correct identification procedures.

Should children choose to discuss their eligibility with others, it is their decision. The district must still have an approvable collection method in place to protect any child who does not want to be identified.

Coding is one step in preventing overt identification. Whether that district chooses to use a roster or tickets as their collection method, the child's category must be determined at the point of service so that the meal can be properly counted.

Regulations do not permit the use of the words "free," "reduced," or "paid" or the letters "F," "R," "P," or money amounts to be used to identify categories on rosters, tickets, tokens, register keys, tick sheets, etc. Therefore, the district must choose a coding system to be used to designate categories. Some examples of codes are:

	Letter Codes		*Number Codes*		*Color Codes*
FREE	A	X	1	100–199	blue ink
REDUCED	B	Y	2	200–299	green ink
PAID	C	Z	3	300–	red ink

On tickets only:

—Placement of date on ticket: Top = Free
Middle = Reduced
Bottom = Paid

—Holes punched at top of ticket: 1 punch = Free
2 punches = Reduced
3 punches = Paid

In order to further prevent overt identification of free and reduced price students, the district must offer a prepayment option of full price and reduced price students. Allowing these students to pay ahead will help to disguise the free and reduced price students. Free students will no longer be the only ones who don't pay money at the point of service, while reduced who pay ahead will not be identified when they pay only $.25. The prepayment option should be advertised frequently throughout the year to remind students of its availability. Accepting prepayment is also an advantage to districts, who find that children who prepay are more apt to participate than children who pay on a daily basis.

The following specific collection procedures, when properly implemented, will meet Federal regulations concerning the overt identification of free and reduced price meal or special milk recipients:

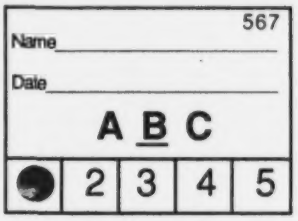
1. *Ticket Systems*

   When a ticket system is used for collection, each free, reduced and full price and/or full price prepaid student must be issued a ticket. The ticket must be coded by category and can be good for one meal or several. Examples of tickets are as follows:

a)

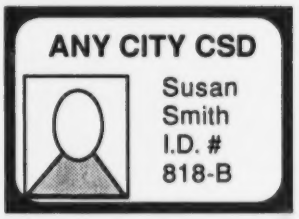
Strip (Theater) Ticket

b)



Multiple Meal Ticket

c)



I.D. CARD

All tickets used within a district must appear identical except for codes. Different color tickets cannot be used for different categories.

Ticket Type a), Strip (Theatre) Tickets, are good for one lunch per ticket and are usually distributed in multiples (one weeks worth, two weeks worth, etc.) in strips or booklets. Each ticket is coded. When receiving a meal, the child turns in one ticket, which the cashier keeps. Tickets are not reused. It is recommended that the children sign the back of each ticket when they receive them, or do not separate the ticket from the strip or booklet until they reach the register, so that tickets cannot be given away or sold. Dates can also be marked on each ticket to ensure only one ticket be used per child per day.

Ticket Type b), Multiple Meal Ticket, is good for one week or more, depending on the number of days the district wishes to include. Again, each ticket must be coded. When receiving a meal, the child turns the ticket in to the cashier, who punches or marks off that one meal has been taken. When all available meals on the ticket have been used, the cashier keeps the ticket. A multiple meal ticket can be issued for a specified period, with each number representing a day of the week (e.g., 9/10-9/14, 1 = 9/10, 2 = 9/11, 3 = 9/12, etc.), then collected at the end of that period, whether or not all days were used. The district could also issue a multiple meal ticket that is good for an indefinite period, until all punches have been used. However, the former system, with a specified usage period, allows the district more control and provides a more accurate audit trail.

Ticket Type c), an ID Card, is a permanent ticket. These are often used by city or larger school districts and can serve as a library and bus ID, as well as a school lunch ticket. Each ID has the child's picture, name and category code. Number series codes work especially well in this situation. When children receive their meal, they present the ID card to the cashier, who notes category and makes the proper accountability record. When the ID card system is used, every child should have an ID and must present it, unless they are paying the full cash price at the point of service.

Regardless of the type of ticket used, all tickets must be distributed in the same manner to avoid overt identification. This means the same person must distribute tickets to the free, reduced and paid students, at the same place and time. For example, all children can pick up or purchase tickets from the school lunch director between 8:00 and 10:00 a.m. All ticket distribution and prepayment transactions should be handled with discretion, so that the child's category is not revealed to others.

Using the tickets as specified above fulfills the identification portion of the collection method. To retain proper accountability, the ticket must be used in one of the following ways when received by the cashier:

a. Ticket with cash register—cashier accepts the ticket, determines the category code and rings the register key for that category. If a cash register is used to record each meal served by category, tickets need to be distributed only to free, reduced and prepaid full price students. The cash register should have separate keys for free, reduced (cash and prepaid) and full price (cash and prepaid) meals. It is strongly recommended that register keys be coded to coincide with ticket codes.

   Some computerized cash registers are now available which allow the cashier to enter the student's ID number. The register then automatically determines the meal category based on the ID number.

   When using tickets with a cash register, the register tape totals for free, reduced and full price meals will provide accountability. The tapes must be kept for 3 years plus the current year and the tickets retained for 30 days following the report period.

b. Tickets with tick sheet—in schools which do not have a cash register, a daily tick sheet may be used to record meals served. The tick sheet can be set up as follows:

Date _____

A	B	C	D
1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	4
5	5	5	5
6	6	6	6
7	7	7	7
etc.	etc.	etc.	etc.

When the cashier accepts the child's ticket and/or money, the category is determined and a mark is made through the next available number under the category. In the above example, the cashier has recorded five A (free) tickets, three B (reduced) tickets, four C (prepaid full price) tickets, and six full price cash lunches (D category, no ticket needed). At the end of meal service, the last number struck in each category determines the number of meals served. When a tick sheet is used only free, reduced and prepaid full price need to have tickets. A tick sheet is like a cash register tape, but no machine is involved. The tick sheet must be kept for 3 years plus the current and the tickets for 30 days following the reporting period.

c. Tickets only (no register, no tick sheet)—if tickets alone are used to determine meals served by category, all children (free, reduced, prepaid and cash full price) must have a ticket. When the child presents the ticket, the cashier keeps it. At the end of the meal service the tickets are separated by category and counted. The cashier records the total number of tickets received by category on a daily summary sheet. The tickets are then dated and kept on file for 3 years plus the current year to provide an audit trail. This system works best with strip type tickets.

There are acceptable variations on the above accountability systems, the specifics of which can be worked out between the district and the Bureau of School Food Management and Nutrition Regional Office, if the district has special needs.

As with any collection method, the ticket system has advantages and drawbacks. Identification at the point of service is quick and easy when children have tickets. However, when children lose their tickets, the cashier cannot use onsight identification to determine category. The child must be issued a precoded substitute ticket *before* coming through the cafeteria line. The school must also take steps to ensure lost and stolen tickets are not used by ineligible students.

Tickets are also a continuing expense to the district, which must purchase enough to last the school year. More labor is used to write out and distribute tickets, especially if they are issued every week.

When children carry their own tickets, they are more apt to be lost, stolen or sold to ineligible students. This can cause problems with audit trails. (For chronic offenders, tickets can be held at the register or all tickets can be put in a rack to be picked up only when children enter the cafeteria area.) If the school has more than one service line and tickets are good indefinitely, children may try to get more than one meal by going to different lines. If not addressed, both problems can cause the district to be cited for areas of non-compliance during AIMS and administrative reviews.

2. *Roster System*

A roster is a list of eligible free and reduced price children, plus prepaid full price and/or cash full price students. Each name on the list is coded, depending on the child's eligibility. All names should be listed alphabetically, with all categories intermingled. There should not be separate rosters for free, reduced and full price students. However, rosters can be divided by classes or meal periods, to make it easier for the cashier to locate a child's name. The roster can cover any period of time, from a day to a month. This is an example of a roster:

Name	Code	9/7	9/8	9/9	9/10	9/11
John Adams	B					
Sue Brown	C					
Shelly Davis	A					
Ralph Grable	B					
Arnold Schwartz	C					

Accountability and the Roster

A roster can be easily used as both the collection method and accountability. In a school which does not use a cash register, the names of *all* children should be put on the roster. When the child comes through the line with a meal, the cashier locates the child's name and marks the correct day to show a meal was served. At the end of the day, the roster is counted and totaled to determine the number of free, reduced and full price meals served. When the roster period has ended, the rosters are then kept for 3 years plus the current year.

If the school has a cash register, the roster can contain the names of only the free and reduced price eligibles, plus any full price students who wish to prepay. The roster is marked in the same way as above, but *after* marking the roster, the cashier will then ring the corresponding register key to record the meal served. It is

important that the cashier *always* check the roster to determine a child's category *before* ringing the register. If the cashier determines the child's category from memory and rings the register before marking the roster, the district will be cited for onsight identification during AIMS and administrative reviews. The "roster first, register second" requirement will also improve accountability; at the end of the day, the roster counts for free, reduced and prepaid full price should match the register totals. When the roster and register are used in conjunction, the register tapes must be kept for three years plus the current year and the rosters for 30 days following the end of the reporting period.

Recording Prepayment of the Roster

As discussed earlier, a prepayment option must be offered to reduced and full price students. This prepayment can be recorded on the roster in a number of ways.

Examples:

— Mark the roster with a dot (.) to show the number of days prepaid. When the child receives the meal for a specific day the child's code is marked in the box:

Name	Code	4/12	4/13	4/14	4/15	4/16
Tom Brown	B	B.	B.	.	B.	.

— A slash (/) can be used to show prepayment. The slash can be completed to make an "X" when the child receives a meal.

Name	Code	4/12	4/13	4/14	4/15	4/16
Sue Smith	C	X	/	X	X	/

Because a free student's eligibility for meals/milk is not affected by pricing, his/her name should also be indicated as prepaid on the roster.

Other symbols such as dashes (-) changed into plus marks (+) and colored highlighter pens can be used to mark prepayment. Whichever method is used, it must be consistent across all categories. The dot and code system is the easiest to use and read, especially when counting the number of free, reduced and paid for the reimbursement claim form, or to compare with register tape totals.

When prepayment is marked on the roster it is easy to ascertain when a credit is due to the student, because a day is not marked unless a meal is taken. The credit can be moved to the next unpaid day.

A charge can also be recorded on the roster for reduced price and full price students, by marking the meal on the day it is taken and circling that day to show money is owed.

At no time can the word "paid" (or "P" or "Pd") or money amounts be written on the roster to denote prepayment.

The roster's advantages are numerous. Once the master roster is made up at the beginning of the school year, enough copies can be made to last the rest of the year. Spaces can be left between names, so that new names can be added as needed in the approximate alphabetical order. Children who leave the district during the school year can be left on the roster and dated to show when they left.

There is no problem with children losing tickets, because children are not responsible for carrying any. They simply give their name to the cashier, who keeps the roster at the point of service. When marked properly the roster provides a good audit trail.

When the school has more than one line serving reimbursable meals, and children can go through either line, the same roster must be on both lines. Free and reduced cannot be limited to one line, if full price students are given a choice. At the end of the day, the rosters should be checked against each other, to make sure no one has gotten more than one reimbursable meal. The district should set up a policy whereby children getting a meal on more than one line will be charged the full price of meals exceeding the one reimbursable meal allowed per child per day.

If desired, the school may divide lines alphabetically for all students. This will work when the same menu selections are offered on both lines. When dividing lines alphabetically it must be done for all students, not just free and reduced price. The roster can then be organized so that each cashier's roster is only for the names assigned to that line.

When a roster is first implemented, it may be slower for the cashier than tickets. However, as the cashier becomes familiar with the children's names and location on the roster, and if the roster is well organized, the roster method can also be a quick and easy collection method.

3. *Other Collection Methods*

a. Charge System—Rather than offering prepayment or allowing children to pay daily, children may be allowed to charge all their meals. The district must keep track of the children who have eaten each day and their categories. This can be done on a coded roster or by having children turn in tickets. At the end of a given period (e.g., one month, two weeks, etc.) the school determines the number of meals the child has eaten, and then bills the family for the amount owed if they are eligible for reduced or full price. The charge system is recommended only for small schools, where parents are aware that they are responsible for all costs incurred by their child.

b. Master Roster—Students sign for their meals as they pass through the serving line. The signed list is then compared with a Master Roster and total meal totals are determined by category. At the end of the month or week, parents of reduced or full price students are billed for the costs incurred.

   The Master Roster is recommended only for very small schools.

c. Number List—Each child is assigned a number. Free numbers run in sequence (e.g., 1-500), as do reduced (501-600). Another sequence of numbers is designated for full price students (601-900). When children come through the line to get their meals, they give the cashier their numbers. The cashier marks a numerical roster. The numerical roster is set up as follows:

Date _____

1	501	601
2	502	602
3	503	603
4	504	604
5	505	605
500	600	900
Totals: 3	3	2

   When the child gives the cashier the number, it is circled or marked off, as above. At the end of the day the numbers circled in each category are counted.

   This is a quick method, recommended for larger schools. It is recommended that the children be given their assigned numbers in writing initially, until they can memorize them. The cashier should also keep a coded list of the children's names and assigned numbers at the point of service, in case a child forgets or *their* is a question about accuracy.

d. The district may design its own collection method. This method must be thoroughly explained in writing and submitted to the Regional Office for approval before implementation.

Any collection method chosen by the district is approved *pending an onsight visit* by state representatives. At this time, the reviewer will observe and evaluate the method used to collect children's payments (when, where, how), the method used to account for free, reduced price and full price meals or special milk, and the method of distributing meals, and tickets, if used.

Collection Method Q and A

Q. The district uses tickets as a collection method. Not all reduced price students want to pre-purchase a ticket. Do reduced students who do not prepay have to be issued a ticket, or can they come through the line with just $.25?

A. When the district uses tickets as a collection method all reduced students must have a coded ticket, regardless of whether or not they prepay. The coded ticket is the only *acceptable* way for the cashier to determine the child's category. Without the ticket, the cashier would be using *sight* identification, which violates the collection method. When issuing tickets to reduced price students, it is recommended that different codes be assigned to prepaid reduced vs. cash reduced, so that the cashier can easily ascertain whether or not the child owes $.25 at the point of service.

APPENDIX

NOTIFICATION LETTER FOR SCHOOL MEALS

Dear _____ :

Your application for free and reduced price meals for your child(ren) has been:

_____ Approved for free meals.

_____ Approved for reduced price meals at _____ cents for lunch and _____ cents for breakfast.

_____ Denied for the following reason(s)

_____ Income over the allowable amount.

_____ Incomplete application. The following information is missing:

_____

_____

_____ Other: _____

If you do not agree with the decision, you may discuss it with the school official and you have a right to a fair hearing. This can be done by calling or writing the following official:

Name: _____

Address: _____

Phone: _____

If your child is approved for meal benefits, you must tell the school when your household income increases by more than $50 per month ($600 per year) or when household size decreases. If you child is approved for meal benefits based on eligibility for food stamps of AFDC, you must tell the school when you no longer receive food stamps or AFDC for your child.

You may reapply for benefits at any time during the school year. If you are not eligible now but have a decrease in household income, become unemployed, or have an increase in household size, you may fill out another application at that time.

Sincerely,

_____	_____	_____
(Name)	(Title)	(Date)

_____

_____

In the operation of child feeding programs, no child will be discriminated against because of race, sex, color, national origin, age or handicap. If you believe you have been discriminated against, write to the Secretary of Agriculture, Washington, D.C. 20250.

FOCUSED SAMPLING WORKSHEET

INCOME SAMPLE

(1) Sample Size: Total number of approved applications including food stamp and AFDC households x .01 = _____ or 1,000 (whichever is less).

- Round all fractions upward to whole numbers

(2) Divide applications into two groups: categorically eligible applicants and those eligible based on stated income.

(3) Select applications with reported income within $100 a month or $1,200 a year of the free eligibility level and the reduced price eligibility level until you reach the required sample. Verify applications from both the free and reduced price categories.

(4) Sample selection techniques are determined at State or local level.

- A statistically valid selection method may be used if desired.

CATEGORICALLY ELIGIBLE FOOD STAMP/AFDC SAMPLE

(1) Sample size: Total number of categorically eligible applications _____ x .005 = _____ or 500 (whichever is less).

- Round all fractions upward to whole number.

(2) Sample selection techniques are determined at State or local level.

- A statistically valid selection method may be used if desired.

LETTER TO HOUSEHOLDS

NOTIFICATION OF SELECTION AND REQUEST FOR PROOF OF ELIGIBLITY

Dear _____ :

Schools participating in the school meal programs are required to make sure that only eligible children receive free or reduced price meal benefits. Therefore, a sample of applications for free and reduced price benefits has been selected to be verified. Selected households have to show information and/or documents which prove they are eligible for free or reduced price meal benefits. Your household's application was chosen to be verified. You must provide information or documents which prove your household's income *or* shows that you receive food stamps or AFDC for your child.

The enclosed sheet shows the kinds of information or documents that you may use to provide your household's income.

If you *now* get food stamps of AFDC for your child, you only have to give us informaton and/or documents that prove it. You may use your Food Stamp or AFDC Certification Notice, a letter from the food stamp or welfare office saying that you receive benefits, an ATP card, or any other document that will prove that you receive food stamps or AFDC at this time. An identification card for either program is *not* proof unless it notes your period of eligibility for benefits.

If you give us original documents, they will be sent back to you.

Please send this information by _____ to: _____
Name

_____
Address

If you do not provide information that proves your child is eligible to receive meal benefits, the benefits they receive will be stopped.

If you have any questions, or if you need any help, please call _____ , telephone number

_____ .

Sincerely,

Enclosure

VERIFICATION INFORMATION

Provide information or documents which show your household's *current* income. Examples of types of documents are listed below. You may also provide a letter(s) from your income source(s) stating the amount of income you receive.

FOOD STAMP/AFDC HOUSEHOLDS: If you receive food stamps or AFDC, you *only* have to provide information which shows your household's *current* participation in either program. No other income information is required. This information can be:

—Food Stamp or AFDC Certification Notice showing eligiblity period
—Letter from the food stamp or welfare office stating that you now receive food stamps or AFDC
—ATP Card

If your food stamp or AFDC eligibility has ended, you must list your current income and who receives it and send the necessary documents listed below.

OTHER HOUSEHOLDS: For each type of income you receive send one of the following documents.

EARNINGS/WAGE/SALARY:
—Current paycheck stub
—Current pay envelope
—Letter from employer stating gross wages paid and how often they are paid
—Business or farming documents, such as ledger books

SOCIAL SECURITY/PENSIONS/RETIREMENT:
—Social Security retirment benefit letter
—Statement of benefits received
—Pension award notice

UNEMPLOYMENT COMPENSATION/DISABILITY OR WORKER'S COMPENSATION:
—Notice of eligiblity from State Employment Security Office
—Check stub

WELFARE PAYMENTS (AFCD, ADC, GA):
—Benefit letter from welfare agency

CHILD SUPPORT/ALIMONY:
—Court decree, agreement or copies of checks received

ALL OTHER INCOME: If you have other forms of income, provide information or documents which show the amout of income received, how often it is received, and the date received.

NO INCOME: If you have no income, provide a brief note explaining how you provide food, clothing and housing for your household and when you expect an income.

If you have any questions, or need help in deciding the kind of information to provide, please call _____

Telephone Number _____ .

LETTER TO THE FOOD STAMP OR AFDC OFFICE FROM THE SCHOOL FOOD AUTHORITY

Date: _____

Dear _____ :

The regulations for the Food Stamp Program and the Aid to Families with Dependent Children (AFDC) Program permit Food Stamp and AFDC Offices to release eligiblity information to administrators of the National School Lunch and School Breakfast Programs to ensure that only eligible children receive free meal benefits.

The receipt of food stamps or AFDC automatically qualifies children for free school meals. Enclosed is a listing of approved free meal applicants who have been selected for vertification and who have indicated that the child for whom application was made now receives food stamp and/or AFDC benefits. On the enclosed listing, please indicate if these household members are *currently* participating in the Food Stamp and/or AFDC Program. This information will be used only to confirm the approved applicant's eligiblity for free meal benefits.

Your prompt return of the listing will be appreciated. A self-addressed return envelope is also enclosed for your convenience. If you have any questions, or need additional information, please contact _____ at Telephone Number _____ .

_____

Signature Date

_____

Address

_____

Telephone Number

VERIFICATION FORM—FOOD STAMP (AFDC) RECIPIENTS
(Multiple Applicants)

ADULT HOUSEHOLD MEMBER (Last Name, First Name)	CHILD'S NAME (Last, First)	FOOD STAMP (AFDC) CASE NUMBER	CURRENT PARTICIPATION IN FOOD STAMPS OR AFDC	
			NO	YES

Signature of Food Stamp (AFDC) Official Date

Address

Telephone Number

LETTER HOUSEHOLD MAY HAVE FOOD STAMP (AFDC) OFFICE COMPLETE STATEMENT OF FOOD STAMP (AFDC) BENEFITS

This statement is to confirm that _____ is currently certified to receive food stamp or
(Name of child)

AFDC benefits. The household's case number is _____ or _____ .
Food Stamp AFDC

_____
Signature of Food Stamp (AFDC) Official

_____
Date

_____
Address

_____
Telephone Number

LETTER HOUSEHOLD MAY HAVE EMPLOYER COMPLETE STATEMENT OF EARNINGS

This statement is to confirm that _____ received the following amount of gross income
Name of Employer

before deductions for taxes, social security, insurancy, etc. $ _____ ( ) weekly
( ) every two weeks
( ) monthly
( ) other _____

Please state the date of the paycheck listed above.

_____
Signature of Employer Date

_____
Address

_____
Telephone Number

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LETTER HOUSEHOLD MAY HAVE SOCIAL SECURITY OFFICE COMPLETE STATEMENT OF SOCIAL SECURITY AND/OR SUPPLEMENTAL SECURITY INCOME (SSI)

This statement is to confirm that _____
(Name of Claimant)

received the following Social Security or SSI income for the month of_____
(Most current full month)

Name of Claimant	*Social Security*	*SSI*
_____	$ _____	$ _____
_____	$ _____	$ _____
_____	$ _____	$ _____

_____
Signature of Official Date

_____
Address

_____
Telephone Number

SOURCES OF ACCEPTABLE INCOME DOCUMENTATION

TYPES OF INCOME	SUGGESTED SOURCES OF ACCEPTABLE WRITTEN EVIDENCE
(The following listing contains suggestions of sources of acceptable income documentation. This list is not exclusive, and additional sources may be requested.)	

1. *Earnings*—wages and salary: total or *gross* earnings before the withholding for FICA, and taxes, or other deductions, such as insurance. If the applicant is a self-employed businessperson or farmer, *Net* income should be used. (NOTE: Many of the assets of self-employed businesspersons are on paper and their cash or net worth is often very low, although they may hold considerable property and equipment (assets). They should report only their actual cash income, *not* assets.)	• A current paycheck stub.
	• Pay envelopes showing total gross pay.
	• Letter from employer stating gross wages.
	• Self-Employed:
	  • Business or farming documents, such as ledger books.
	  • Last quarterly tax estimate.
	  • Last year's tax return.

2. *Cash Income:* Some persons who work in situations where the employer does not want to be responsible for withholdings such as domestic workers, casual laborers, or persons working for an individual or small business on an irregular basis, may receive wages in the form of cash.	• A letter from the employer stating wages paid and frequency.
3. *AFDC* or Aid to Famlies with Dependent Children is a welfare payment intended to assist eligible persons to meet the costs of daily living. Most often these payments are made to families with needy children under the age of 18 (21 if in school) where a parent is absent from the home. Many States also provide benefits to families where the male head of the household has been unemployed for a long time.	• Benefit letter from the welfare agency.
4. *General Assistance* or welfare is often a cash payment made by local welfare/human service agencies based upon need. Often these payments are confused with or even combined with AFDC payments.	• Benefit letter from the welfare agency.
5. *Unemployment Compensation* is paid to individuals who have lost their jobs.	• Unemployment compensation award letter. • Notice of eligibility from State Employment Security Office. • Agency records
6. Child Support or Alimony is a payment by a separated or divorced spouse for the support of children or the spouse. Although the court has ordered (decreed) a monthly amount or an amount was agreed upon, payments may be infrequent or irregular. Only actual payments and not the amount that is supposed to be received should be reported.	• Copies of checks or other proof or payments received, court decree or agreement.

TYPES OF INCOME	SUGGESTED SOURCES OF ACCEPTABLE WRITTEN EVIDENCE
7. *Social Security Retirement* is more correctly named Old Age and Survivors Disability Insurance. It actually includes the traditional retirement benefit, payments to survivors (spouses and children) and disability payments. (The disability payments are similar to SSI). Please note that younger persons (pre-retirement) and their dependents can also receive disability payments, unless they are retired (over 60).	• Social Security retirement benefit letter. • Official statement of benefits received. • Monthly check (Green in color).
8. *SSI* or Supplemental Security Income is *not* a retirement pension. It is a special funding program to assist households with aged, blind, or disabled members. Often, if a child has a learning handicap, the household will receive a monthly SSI assistance payment. Please note that some applicants will refer to these payments as "disability" and may not understand that it is a form of Social Security payment (welfare).	• SSI eligibility letter. • SSI check (Gold in color). • Official statement of benefits received.
9. *Retirement/Pension* refers to *non* Social Security retirement. It includes private pensions, State pensions, veterans and/or military retirement and the like.	• Official statement of benefits received. • Pension award notice.
10. *R.R. Benefit* or Railroad Retirement is a special government retirement fund for former employees of the railroads. Payments can be made to survivors (spouses and children).	• Official statement of benefits received. • Pension award notice.
11. *Veterns Payments* is money paid periodically by the Veterans Administration to disabled members of the Armed Forces or to survivors of deceased veterans.	• Official statement of benefits received. • Veterans Administration award notice.
12. *Rental Income* is room and board payments by non-household members living in the home.	• Rental agreement or letter from non-household members stating amount paid.
13. *Military Housing Allowances* may be received if an adult member of the household is a member of the military and the household is located off base.	• Leave and Earnngs Statement. • Letter from the base commander stating amount and frequency of allowance.
14. *Zero Income*—On occasion, a household may report no income on the application. This might occur if a parent is a live-in housekeeper and receives only room and board as compensation for work done, or if a household is being supported by non-mometary means provided by religious or civic organizations due to illness or disability. At the discretion of the State Agency, a household can be asked to provide a written statement describing the household's circumstances, i.e., how the household pays for food, housing, etc., when no income is reported. (In lieu of requesting such a written statement, the State Agency may want to use a collateral contact approach to verify the application.)	• Written statement from household describing how it subsists. • Collateral contact.

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